A guide to the Ontario Inflation Restraint Program

Inflation
Restraint
Board

January 26, 1983

The Inflation Restraint Act

Copies of the Inflation Restraint Act are available from:
Ontario Government Bookstore
880 Bay St., Main Floor
Toronto

To order, contact:
Ontario Publications Services
880 Bay Street, 5th Floor
Toronto M7A 1N8
Dial (toll free) 1-800-268-7540
(In area code 807, ask Operator
for Zenith 67-200.)

Copies of the Act are 50 cents each payable to the Treasurer of Ontario.

ISBN 0-7743-8063-2

Table of contents

Introduction 4

Wage Restraint Program 5
- Coverage 5
- Provisions 5
- Control period 6
- Expiry dates 8
- Administration 9
- Compliance and the role of auditors 11

Inflation Restraint Board Rules 18
- Sample calculations 26

Price Restraint Program 26

For additional copies of this booklet, copies of forms, additional information, see back cover.

Introduction

This booklet is aimed at providing an outline of Ontario's Inflation Restraint Program and the role and activities of the Inflation Restraint Board (IRB). It is not intended as a substitute for the Inflation Restraint Act and the Regulations made under the Act. These latter documents should be consulted for more complete information.

Rather, this booklet is intended to provide advice and direction to public-sector administrators of compensation plans who must take certain action to comply with the Act.

It is also intended to assist public-sector employees and their bargaining agents to understand how the program affects them.

The Inflation Restraint Program places limits on both public-sector wages and provincially-administered prices. In addition, the legislation requires the IRB to monitor inflationary developments in the private sector and to promote public understanding of inflation in general.

J. L. Biddell
Chairman
Inflation Restraint Board

Jan. 28, 1983

Wage Restraint Program

A major part of the Inflation Restraint Program involves controls on the compensation plans of employees in the public and para-public sectors. Compensation has been defined to include all forms of payment, including wages, benefits and perquisites. The legislation fixes the maximum allowable increases in compensation rates for employees. Any enrichment of a benefit package can be made only at the expense of these maximum limits.

Coverage

Compensation restraints, including special provisions for low-income workers and merit-increase restrictions on those at the higher-income levels, apply to employees, appointees and elected persons in the broadly-defined public sector.

Included are those in:

—The provincial legislature (MPPs).

—The Ontario public service, including ministries and agencies of the government and those agencies to which the government appoints a majority of the directors, members or officers.

—Municipal governments, including local boards, authorities, commissions, etc. the members of which are chosen by or under the authority of a municipal council.

—Public educational institutions, including boards of education, universities, colleges, etc.

—Hospitals, including public and private sanitoria, nursing homes, ambulance services, etc.

Reference should be made to the Act, the Schedule to the Act, and the Regulations for a comprehensive listing of those subject to wage controls. The IRB or individual ministries of the government will attempt to contact directly those organizations subject to the Inflation Restraint Act. However, whether an organization is contacted or not, it remains its responsibility to comply with the legislation. Therefore, any organization which receives a majority of its funds from public sources or for any other reason thinks that it may be covered by the legislation and has not been contacted should check with the IRB.

Provisions

All compensation plans, whether established by collective agreement or not, must pass through a 12-month control period.

During each plan's control period:

—Increases in compensation rates are to be five per cent for persons covered

by a collective agreement. For those not covered by such an agreement and at the discretion of the employer, increases may range up to five per cent.

—All low-income workers earning less than $15,000 per year are to receive a $750 annual increase and, at the employer's discretion, this may go to a maximum of $1,000.

—Those earning between $15,000 and $20,000 per year and covered by a collective agreement are to receive a wage increase of five per cent; those not covered by such an agreement are to receive a $750 increase. In both cases, the employer has the discretion to grant raises of up to $1,000.

—Effective Sept. 21, 1982, no one may receive a merit increase (based on performance, length of service, etc.) to the extent that it raises his or her annual salary beyond $35,000 and no one earning $35,000 or more per year may receive any such increase. Persons entitled to both a merit increase and a regular salary increase on the first day that their compensation plan becomes subject to controls may add their merit increase to their existing salary before the economic adjustment is applied as permitted by the Act. If the merit increase takes effect on any other day, the economic adjustment must be applied before the merit increase.

—Bona fide promotions to a different or more responsible position are permitted if normal practice is followed.

Control period

The date on which a compensation plan comes into its control period (increases held to five per cent, etc.) will depend on its expiry or anniversary date falling in the control year, Oct. 1, 1982, to Sept. 30, 1983.

When a compensation plan comes into its control period, it is extended for 12 months and becomes subject to the Act. Essentially, this means that all of the terms and conditions of existing plans remain unchanged except that the wage rates are increased by five or up to five per cent.

Should the parties wish to make changes in the benefit package provided for in a collective agreement, this can be done provided that the monetary value of all the changes in total compensation, including benefits, is no greater than a five per cent increase in the compensation rate only. For compensation plans not covered by a collective agreement, the compensation rate increase may be anything up to a maximum five per cent. If it is proposed to change the benefit package in situations not covered by a collective agreement, the permissible maximum increase in total expenditure may not be exceeded and the change requires the prior approval of the Board.

There are special provisions for collective agreements which expired before Oct. 1, 1982, and where a new agreement had not been signed on or before Sept. 21, 1982. See below.

Chart A

Pre-transitional, transitional and control periods pertaining to compensation plans having various expiry dates.

1

Expired before Oct. 1, 1981. Plan extended to day before anniversary of expiry date in the period Oct. 1, 1981, to Sept. 30, 1982. For this pre-transitional period, IRB authorizes yearly compensation increase. Plan then extended for one year

and placed in:

2

Expired between Oct. 1, 1981, and Sept. 30, 1982, inclusive. Plan extended for one year following scheduled expiry date

and placed in:

3

Expires between Oct. 1, 1982, and Sept. 30, 1983, inclusive. Plan extended for one year following scheduled expiry date

and placed in:

A

One-year transitional period. This period for each plan begins during the transitional year (see Box C). Compensation increases may be up to nine per cent. IRB may be asked to set increase if parties cannot agree.

Plan then placed in:

4

Will expire on or after Oct. 1, 1983 (multi-year contract in effect on or before Sept. 21, 1982). Plan will be interrupted on its anniversary during the control year (see Box C)

and placed in:

B

One-year control period. This period for each plan begins during the control year (see Box C). Compensation increases limited to five or up to five per cent except for low-income provisions (see Chart B).

C

Transitional year: Is Oct. 1, 1981, to Sept. 30, 1982.
Control year: For plans in Box 5, it is Oct. 2, 1982, to Oct. 1, 1983. For all others, it is Oct. 1, 1982, to Sept. 30, 1983.

All dates here are inclusive.

NOTE: Provisions for lower incomes (see Chart B) apply fully during **both** the transitional period and the control period.

Chart B

Compensation rate increases for lower-income groups during both the transitional period and the control period (excluding increases for length of service, etc.).

Annual income range	Employees covered by a collective agreement		Employees not covered by a collective agreement	
	Minimum increase (mandatory)	Maximum increase (permissive)	Minimum increase (mandatory)	Maximum increase (permissive)
0 to $15,000	$750	$1,000	$750	$1,000
$15,000 to $20,000	5%	$1,000	$750	$1,000

Expiry dates

The restraint program applies to compensation plans which:

1. Expired before Oct. 1, 1981. These are extended from their expiry date to the same date in the control year (Oct. 1, 1982, to Sept. 30, 1983, inclusive). The IRB must authorize the wage rates for the first part of this period. During the last 12 months prior to the commencement of the control period, the increase must be no more than nine per cent. During the control period, the five or up-to-five per cent provisions will apply.
2. Expired between Oct. 1, 1981, and Sept. 30, 1982, inclusive. These are extended for one year and increases up to a maximum of nine per cent can apply for the period of the extension. If the plan is included in a collective agreement and a settlement cannot be reached, the IRB may be requested to set the compensation rate increase. At the end of this 12-month transitional period, the plan enters the 12-month control period.
3. Expire between Oct. 1, 1982, and Sept. 30, 1983, inclusive. These are extended for one year from expiry date and during this year the plans are in the control period when the five or up-to-five per cent provisions will apply.
4. Are scheduled to expire on or after Oct. 1, 1983 (multi-year agreements). These are interrupted on their anniversary date falling between Oct. 2, 1982, and Oct. 1, 1983, inclusive, and are placed in their 12-month control period when the five or up-to-five per cent provisions will apply.
5. Expired before Oct. 1, 1982, and are covered by an agreement which had been agreed to in writing but not implemented on or before Sept. 21, 1982. These are allowed to proceed, provided the new agreement (in writing) is implemented without change after Sept. 21, 1982. At the end of that year, the 12-month control period commences.

Administration

Administrators of compensation plans

To comply with the procedures established by the IRB, employers and other administrators of public-sector compensation plans must take certain action. This section describes what they must do to fulfill these obligations.

Report on Compensation Plans (Form IRB-01)

Copies of this form are being mailed by the IRB to employers and other compensation plan administrators that have been identified as being covered by the legislation. They must complete the form according to the instructions which accompany it and return it to the IRB. A pre-addressed envelope has been provided. Once this information has been received, the IRB will advise administrators of any further action that they must take.

Every effort has been made to contact all agencies covered by the legislation. However, there may have been omissions.

Any employer or other administrator who feels he or she is covered and who has not received a copy of Form IRB-01 should contact the IRB as indicated on the back cover of this booklet.

Applications to the IRB

The Inflation Restraint Act provides administrators, bargaining agents and, in some cases, individual employees with recourse to the IRB for the resolution of certain matters that are spelled out in the legislation. These may concern collective agreements which must pass through a transitional period and the parties cannot agree on the amount of the increase, proposals involving changes to a benefit package, appeals respecting persons earning less than $20,000 per year, and others.

Anyone making an application is asked to use the form *Application to the Board—Compensation (Form IRB-02)*. Copies of this form are available from the IRB or from Regional Assessment Offices of the Ministry of Revenue, located in many centres throughout the province. (See back of booklet.)

Other parties to a compensation plan have the right to respond to an application, and IRB procedures require an applicant to certify that a copy of his or her application and other supporting documentation has been made available to the bargaining agent or administrator, as the case may be. The IRB will allow these parties sufficient time to respond and this response must, in turn, be shared with the original applicant. This procedure need not be followed in the case of a joint application made by both parties and, consequently, the IRB can deal with these applications more expeditiously than those initiated by only one party.

The Act states that the IRB may, at its discretion, hold an oral hearing. If, however, it elects not to hold such a hearing, the written information provided by the

Inflation Restraint Board

Ontario

Report on Compensation Plans
IRB - 01

INSTRUCTIONS

- *To be completed by every Administrator coming under the Inflation Restraint Act.*
- *If space is insufficient, attach additional pages.*
- *Retain duplicate for your record.*
- *Please type or print clearly.*
- *Refer to enclosed instruction sheet when completing this form.*
- *This report is to be sent to the Inflation Restraint Board, P.O. Box GMS 30, Toronto, Ontario, M7A 1N3*

SECTION 1

Name and Address

Reference Number

Please print the Month and Day of your Fiscal Year End

Month Day

If name and/or address is not shown or is incorrect, please complete this section

Name

Address Number Street City/Town Province Postal Code

Name of person to contact for further information | Title | Telephone Number Area Code

Name of your Financial Auditor | Telephone Number Area Code

Address Number Street City/Town Province Postal Code

SECTION 2

Part A	Title of Compensation Plans Covering Elected Officials	Number of Persons	Commencement Date Year Month Day	Expiry Date Year Month Day
A01				
Part B	**Title of Compensation Plans Covering Appointed Officials**	**Number of Persons**	**Commencement Date Year Month Day**	**Expiry Date Year Month Day**
B01				
B02				
B03				

GD16 (82 11)

parties will be the only basis on which decisions will be taken. Consequently, the parties should ensure that all relevant facts are set out for the Board in their applications.

Compliance and the role of auditors

To ensure that proposed changes to a compensation plan meet the requirements of the legislation, the IRB will require each administrator to file a report from his or her financial auditor or public accountant attesting to the administrator's compliance with the Act.

Administrators will be supplied with copies of a form *Report of Public Accountant (Form IRB-03)* and it will be each administrator's responsibility to have the auditor or public accountant who normally audits the financial statements of the organization to complete this form and return it to the administrator who, in turn, must send it to the IRB. In some cases, the report will be completed by the Provincial Auditor or a municipal auditor. In others, the responsible auditor will be a private practitioner.

The IRB has consulted with the Institute of Chartered Accountants of Ontario in planning the involvement of the auditors in this program. It should be stressed, however, that the administrator and not the auditor is responsible for ensuring that Form IRB-03 is completed and returned at the required time. The auditor or public accountant at all times acts for and is paid by the administrator and is not an agent of the Board.

In the event that an auditor feels that he or she cannot make the attestation required by the IRB, the Board will follow up on this matter with the administrator to resolve any outstanding matters.

Rules of the Inflation Restraint Board

The Inflation Restraint Board is empowered pursuant to subsection 3(1) of the Inflation Restraint Act to make rules for the conduct and management of its affairs and for the practice and procedures to be observed in matters coming before it.

The Board has made a number of these rules which are printed on the following pages. Please note, however, that the Board may amend or augment these rules at any time. Persons engaged in proceedings before the Board may wish to verify the present state of the rules prior to submitting an application to the Board.

Compensation

Payment

For the purpose of clause 4(d), "payment"

1. includes, without limiting the generality,

   (i) wages or salary;

   (ii) cost-of-living adjustments;

   (iii) lump-sum payments;

   (iv) premium pay, including overtime premiums, shift differentials, call-back pay, on-call pay, stand-by pay and premiums or allowances for work performed under dangerous, isolated or exceptional working conditions or time-off in lieu of such payment;

   (v) fixed allowances made to an employee in respect of expenses which the employee might incur irrespective of whether the expenses are actually incurred. Without limiting the generality of the foregoing, such allowances may be made for

   (a) meals
   (b) board and lodging
   (c) clothing,
   (d) dry cleaning and laundry
   (e) private vehicle usage
   (f) travel
   (g) moving or relocation
   (h) training, education and tuition
   (i) badge allowance
   (j) custodial responsibility
   (k) tool and safety equipment
   (l) professional membership dues

2. excludes, without limiting the generality,

(i) the reimbursement by an employer, in whole or in part, for actual expenses incurred by an employee in the performance of his duties, including meals, transportation, clothing, mileage, living or other similar expenses;

(ii) an incentive or bonus paid to employees for increased productivity where the terms and conditions of the compensation for increasing productivity have been approved by the Board.

Benefits

For the purposes of clause 4(d), "benefit"

1. includes

(i) pay for time not worked, including, without limiting the generality, pay for vacations, statutory and other holidays, sick leave, travel time, cleanup time, rest periods, paid lunch, sabbaticals, and personal leave. For greater clarity, personal leave includes, without limiting the generality, compassionate leave, discretionary leave, leave for bereavement, marriage, maternity, paternity, adoption, jury or witness duty, education, citizenship, foreign, intergovernmental, military training, union business;

(ii) a payment made by an employer in respect of contributions payable by an employee under the Ontario Health Insurance Plan, a private health insurance plan including drug, dental, hearing-aid or optical plans, a sickness indemnity plan, a term disability plan and a group life insurance plan;

(iii) a payment by the employer to the employee in lieu of a payment or contribution under any of the plans referred to in paragraph (ii);

(iv) a payment to provide benefit under a supplementary unemployment benefit plan or other income maintenance plan;

(v) a payment to provide a superannuation allowance, pension or other retirement benefit plan;

(vi) any other payment generally classified as a benefit.

2. excludes

(i) wages and salaries including payment based on piece work;

(ii) cost-of-living adjustments;

(iii) special payments made by an employer under a superannuation, pension fund or plan for the purpose of

(a) liquidating an experience deficiency,
(b) liquidating an initial unfunded liability incurred prior to September 22, 1982;

(iv) expenditures made by an employer

(a) in respect of measures taken to reduce the adverse effects of technological change on employees, including training and relocation costs and redundancy payments,

(b) to implement procedures and techniques to reduce the risk of injury to, and to safeguard the health of, employees while at work, including the provision of safety equipment,

(c) under an employee suggestion and safety award plan,

(d) under an employee education assistance plan,

(e) to employees on final termination of employment,

(f) in respect of amenities that cannot be readily expressed in monetary terms, including without limiting the generality of the foregoing, the provision of physical facilities for recreation or credit union operations, and for the serving of food;

and

(v) additional expenditures required to maintain the level of benefits in compensation plans that have been extended under this Act.

Perquisite

For the purpose of clause 4(d), "perquisite" means any emolument of a job or position not normally considered to form part of the compensation related to that job or position and includes, without limiting the generality,

(i) the use of an automobile

(ii) residential accommodation assistance

(iii) a travel pass

(iv) professional membership

(v) club and recreational membership

or

(vi) discounts on the purchase of merchandise.

Compensation plan

For the purpose of clause 4(e), "compensation plan"

1. includes, without limiting the generality,

(i) compensation as defined by clause 4(d) of the Act and the Regulations thereunder;

(ii) the system for determining classifications and placements for compensation;

(iii) work schedule including scheduling and distribution of premium pay;

(iv) plans designed to liquidate unused sick leave;

and

(v) method of payment.

2. excludes, without limiting the generality,

(i) the system for determining staffing; and

(ii) an incentive plan that has been approved by the Board and that provides for special payments to or for the benefit of employees to encourage or facilitate their early retirement from employment.

Compensation rates

For the purpose of clause 4(f), "compensation rates"

1. includes, without limiting the generality, any allowance, bonus, or shift premium paid to a recipient for the discharge of the responsibilities usually associated with his office or position

2. excludes, without limiting the generality,

(i) any allowance, bonus, or shift premium not referred to in 1 above and

(a) that is expressed as a fixed annual or hourly amount and not as a percentage of any rate of pay,

(b) that is paid to the recipient in addition to his basic rate of pay, and

(c) that is agreed to be paid in recognition of dangerous, isolated or exceptional working conditions, or in recognition of special qualifications additional to those expressly required for the performance of the duties and responsibilities for which the recipient's basic rate of pay is paid;

(ii) the compensation of an employee during a period in which the employee undergoes training to assist in adapting to technological change including any payment to maintain the salary or wage of an employee assigned to a lower paid job as a result of technological change;

(iii) an increase in the compensation of an employee made in compliance with the Human Rights Code, 1981, and section 33 of the Employment Standards Act.

Subsection 12(5)

1. For the purpose of determining the entitlement of a person to an increase described in any of clauses 12(5)(a) to (e),

(i) where the entitlement of the person to the said increase arises on the first day of the 12-month period for which an increase under section 10 or subsection 12(1) is effective, the increase described in any of clauses 12(5)(a) to (e) shall be first given effect to the extent permitted by this subsection;

(ii) where the entitlement of the person to the said increase does not arise on

the first day of the 12-month period for which an increase under section 10 or subsection 12(1) is effective, the increase under section 10 or subsection 12(1) shall be first given effect to and then the increase described in any of clauses 12(5)(a) to (e) shall be given to the extent permitted by the subsection.

2. In the event that the increase described in clauses 12(5)(a) to (e) would, at the time the person becomes entitled to it, increase his or her annual compensation, as defined for purposes of subsection 12(5) by the Regulations under the Act, from less than $35,000 to above $35,000, the entitlement of the person to the portion up to $35,000 is, where the compensation plan is in a collective agreement, as agreed to by the parties or where, the compensation plan is not in a collective agreement, as defined by the administrator.

Cost-of-living adjustments

For the purpose of this Act, "cost-of-living adjustments" means a payment or payments, whose amount is directly or indirectly related to changes in the rate of inflation as measured by some index.

Calculation

1. The percentage increase in "compensation rates" for the 12-month period defined by section 9 or 11 of the Act shall be calculated in the following manner:

(i) determine the allowable percentage increase in compensation rates pursuant to section 10 or subsection 12(1);

(ii) determine the expenditure by the employer for compensation rates of all employees on the day immediately preceding the said 12-month period (Note: cost of living adjustments are to be folded into the rates);

(iii) determine the allowable increase in expenditure by the employer for compensation rates of all employees, exclusive of increases pursuant to subsections 12(2), (3) (i.e. the $1,000 and $750 rules respectively) and any adjustment made in respect of those items identified in clauses 12(5)(a) to (e) (e.g. increment rule) which results from multiplying the percentage determined in (i) by the number(s) determined in (ii);

(iv) in the event of a change or a proposed change to any terms and conditions of the compensation plan, determine the change in expenditure by the employer for all employees resulting from the change or proposed change to any terms and conditions of the compensation plan;

(v) subtract the number determined in (iv) from the number determined in (iii)

and;

(vi) divide the number obtained in paragraph (v) by the number determined in (ii) and multiply by 100.

2. For the purpose of determining compensation rates in effect on the last day of the said 12-month period, any changes to compensation during the said 12-month period, shall be deemed to have been in effect for the entire 12-month period.

3. For purpose of computation, the number of employees shall be the number of employees on the day immediately preceding the 12-month period under consideration.

Sample calculations

Following are examples of methods of costing compensation plans. They are provided to assist persons required to submit compensation plan changes to the IRB for approval prior to implementation (i.e. administrators having plans that are not included in a collective agreement and where it is proposed to make changes to terms and conditions as well as in compensation rates.) Also provided is an example of a completed Form IRB-02.

Example 1

Assume the Town of East Stanton wishes to enhance the benefit package of its 35 non-union employees during its control period, Jan. 1 to Dec. 31, 1983. Specifically, the town wishes to grant the employees an improved supplementary health and hospital plan and an extra week's annual vacation. This case requires the prior approval of the IRB.

On Form IRB-02, the administrator completes the relevant sections on the first page, as shown. The administrator then provides on Page 2 of the form the details of the proposed changes and additional information on the employees and their compensation rates. (See sample form, Page 22.)

Since this application concerns changes to the benefit package, Schedule A must also be completed. This will provide the Board with data on the cost of the proposed changes and the compensation rate increase. The following steps should be taken in completing Schedule A, as illustrated.

Step 1: Complete Parts 1 and 2 on the front page of Schedule A listing details of the compensation plan provisions to which a change is proposed.

Sept 2: Complete Part 3 on the second page of the form as follows.

Lines 1, 2 and 3—Record the number of employees covered by the compensation plan increase, the 12-month period during which the compensation rate increases will occur, and the maximum allowable percentage increase in compensation rates for the period.

Line 4—Identify the total annual expenditure on compensation rates as of Dec. 31, 1982. (e.g. $640,000). This expenditure should include cost-of-living adjustments (COLA) and other payments that have been defined by the IRB as part of compensation rate.

Line 5—Determine maximum allowable increase in compensation rate expenditure assuming no change in other terms and conditions of the plan over the period (e.g. $640,000 × 5 per cent = $32,000).

Line 6—Record the total additional cost arising from proposed changes to employee benefits and other provisions. In the summary table, show the total expenditure for each item on the day preceding

the commencement of the control period and the additional expenditure that would result from the proposed change. Where the provision is wage or salary related, the effect of the salary increase must be added to the cost of the change. In the example:

1. Supplementary health and hospital
   - As of Dec. 31, 1982, all employees were covered by the plan. The employer's total annual expenditure was $8,000 or 80 per cent of the total premium cost of $10,000 charged by the insurance carrier.
   - For 1983, the employer proposed to pay 100 per cent of the premium cost.
   - Additional expenditure is $2,000.
2. Vacation allowance
   - As of Dec. 31, 1982, the 35 employees qualified for vacations as follows.

   Two weeks—15 employees with average weekly salary of $325.65.

   Three weeks—14 employees with average weekly salary of $372.26.

   Four weeks—six employees with average weekly salary of $368.59.

   - Total annual expenditure as of Dec. 31, 1982:

Two weeks	— $325.65 × 2 × 15 =	9,770
Three weeks	— $372.26 × 3 × 14 =	15,635
Four weeks	— $368.59 × 4 × 6 =	8,846
		$34,251

   - 1983 expenditure with proposed changes

Three weeks	— $325.65 × 3 × 15 =	14,654
Four weeks	— $372.26 × 4 × 14 =	20,847
Five weeks	— $368.59 × 5 × 6 =	11,058
		$46,559

   - Additional expenditure is $12,308
     ($46,559 − $34,251 = $12,308)

The total additional expenditure on benefit improvements is $14,308 which, in the example, would be deducted from the maximum allowable increase of $32,000. However, the vacation plan is salary related and, therefore, the effect, "impact" or "roll-up" of the salary increase for 1983 must be included in the cost of the benefit improvements. Determine the applicable per cent to be applied to the additional vacation cost for 1983.

The following formula may be used where:

P is the unknown increase.

A is the maximum allowable increase.

B is the additional cost of proposed changes to all non-salary benefits.

C is the additional cost of proposed changes to all salary-related benefits.

D is the total expenditure on the compensation rates on the day preceding commencement of increase period.

Therefore:

$$P = \frac{A - B - \left((1+P)(C)\right)}{D}$$

In this example, the calculation would be:

$$P = \frac{32{,}000 - 2000 - \left((1+P)\ (12{,}308)\right)}{640{,}000}$$

$$640{,}000\ P = 30000 - 12308 - 12308P$$
$$P(640{,}000 + 12308) = 30000 - 12308$$
$$P(652{,}308) = 17692$$
$$P = \frac{17692}{652{,}308}$$
$$P = .0271 \text{ or } 2.71 \text{ per cent}$$

Impact on vacation cost (a) \$12308 × 2.71 per cent = \$334
(b) \$12308 + \$334 = \$12642

Lines 7 and 8—Identify the amount and the per cent remaining for compensation rate increases (e.g. wages and salaries).

Line 9—Record the actual percentage increase granted. The percentage in Line 9 cannot exceed the percentage shown in Line 8.

Example 2

In this example a cost-of-living adjustment (COLA) is paid quarterly during the period Jan. 1 to Dec. 31, 1982, on a base of 1/4 × salary. The COLA was not folded-in and produced the following payments:

Quarter	Percentage change from base period of CPI (hypothetical date)	Payment generated by COLA on salaries 12,000	18,000	25,000
First quarter	1.5	45.00	67.50	93.75
Second quarter	3.0	90.00	135.00	187.50
Third quarter	4.5	135.00	202.50	281.25
Fourth quarter	6.0	180.00	270.00	375.00
		\$450.00	\$675.00	\$937.50

The total COLA payments—$450.00, $675.00 and $937.50—are changes to compensation during the 12-month period Jan. 1 to Dec. 31, 1982, for employees earning $12,000, $18,000 and $25,000 respectively. The COLA payments made during the year are accordingly deemed to be in effect on the last day of the said 12-month period.

The determination of the total expenditure on compensation rates to the 35 employees on the day immediately preceding the commencement of the period Jan. 1 to Dec. 31, 1983, is as follows:

Employees as of Dec. 31, 1982	Salary plus COLA as of Dec. 31, 1982	Total expenditure on compensation rates
10	$12,450.00	$124,500
15	18,675.00	280,125
10	25,937.50	259,375
		$664,000

The determination of the maximum allowable increase in compensation rate expenditure, assuming no changes in the terms and conditions of the compensation plan for the period Jan. 1 to Dec. 31, 1983, is as follows:

$664,000 × 5 per cent = $33,200

Inflation Restraint Board

Ontario

Application to the Board - Compensation

IRB - 02

Please see enclosed INSTRUCTIONS for completion of this form

SECTION 1

Applicant's Name: TOWN OF EAST STANTON

Address — Number: 20 — Street: MAIN ST. WEST.

City/Town: EAST STANTON — Province: ONT. — Postal Code: R5T 3L6 — Telephone Number Area Code: 623 8977 6534

FOR BOARD USE ONLY

Reference Number: ☐☐ ☐ ☐ ☐

Application is submitted by (please ✓) ☑ Administrator ☐ Bargaining Agent ☐ Employee

SECTION 2

Reasons for application (please ✓)

1. ☐ Board determination/review of compensation rate increase to take effect on or before October 1, 1981. (Ref. Section 10(b)(i))
2. ☐ Board determination of compensation rate increase to take effect in the period October 2, 1981 to October 1, 1982, inclusive. (Ref. Section 14(1)(a))
3. ☑ Board determination/review of change in terms and conditions of the Compensation Plan and the value of the changes (Ref. Section 14(1)(b)(c) and 14(2))
4. ☐ Board review of administrator's failure to grant minimum increase pursuant to Section 12(2)(3).(Ref. Section 14(3))
5. ☐ Other (specify) _____

SECTION 3

Name or brief description of Compensation Plan affected by this application: CLERICAL AND ADMINISTRATIVE SERVICES PLAN

Compensation Plan rate increase covers period: From 1.1.83 To 31.12.83

Is Compensation Plan a part of a collective agreement? ☑ No ☐ Yes

- If NO and the applicant is a plan administrator, nothing further needs to be completed in this Section.
- If YES and the facts set out in the application are agreed upon by both the applicant and the other party to the collective agreement, please complete either Part A or B whichever is applicable, and Part D below.
- If NO and the applicant is an individual employee, please complete Parts A and C below.
- If YES and the facts of the application have not been agreed upon by both parties to the collective agreement, please complete either Part A or B, whichever is applicable, and Part C below.

PART A Complete if application is made by bargaining agent or individual employee

Name of Administrator

Address

PART B Complete if application is made by administrator

Name of Bargaining Agent

Address

PART C Name of the individual representing the administrator/bargaining agent (delete as appropriate) to whom a copy of this application and all supporting documentation which accompanies it has been sent.

Name	Position	Date Sent

PART D

I, _____ (print name) *am the authorized representative*

of _____ the Administrator/Bargaining Agent (delete as appropriate)

which is a party to the collective agreement mentioned in this application. I have reviewed the application and all supporting documentation provided by the applicant and I am in agreement with them. I understand that the Inflation Restraint Board may decide the matter raised by the application on the basis of this documentation.

Signature .....

Position .....

Date .....

CERTIFICATION

I certify that the information contained in this application and any documents attached to it is true, correct and complete in every respect.

Signature: Mary Schmidt

Position: TOWN CLERK

Date: 24.2.83

Describe below and on additional pages if required all particulars pertaining to your application. Attach all relevant documents and materials.

Note: *If application involves a valuation of changes in the terms and conditions of the Compensation Plan, Schedule A is to be completed and attached to this application.*

THE EMPLOYEES IN THE CLERICAL AND ADMINISTRATIVE SERVICES PAY PLAN NORMALLY RECEIVE A SALARY ADJUSTMENT AT THE START OF EACH FISCAL YEAR. THE LAST INCREASE WAS EFFECTIVE JANUARY 1, 1982. CONSISTENT WITH THE INFLATION RESTRAINT ACT, THE TOWN PROPOSES TO EXTEND THIS COMPENSATION PLAN FOR 12 MONTHS COMMENCING JANUARY 1, 1983. HOWEVER, DURING THE LAST SET OF NEGOTIATIONS WITH THE UNIONIZED EMPLOYEES A NEW BENEFIT PACKAGE WAS INTRODUCED WHICH INCREASED THE EMPLOYER'S CONTRIBUTION TO THE SUPPLEMENTARY HEALTH AND HOSPITAL PLAN FROM 80% TO 100% AND GRANTED ALL EMPLOYEES AN ADDITIONAL WEEK OF PAID VACATION. IT IS PROPOSED TO GRANT THE NON-UNIONIZED EMPLOYEES THESE SAME BENEFIT IMPROVEMENTS AS PERMITTED BY CLAUSE 14(2) OF THE ACT.

THE COMPENSATION RATE OF THESE EMPLOYEES MAY ACCORDING TO CLAUSE 12(1) OF THE ACT BE INCREASED DURING THE PERIOD JANUARY 1, 1983 TO DECEMBER 31, 1983 BY AN AMOUNT UP TO 5%. THE TOWN PROPOSES THAT THE MAXIMUM AMOUNT BE PAID. HOWEVER, FROM THIS MAXIMUM MUST BE DEDUCTED THE COST OF THE BENEFIT ENRICHMENTS.

THE FOLLOWING SETS OUT THE SALARY PROFILE OF THE EMPLOYEES IN THE COMPENSATION PLAN.

Class	Number of Employees As Of Dec. 31, 1982	Salary As Of Dec. 31, 1982	Total Expenditure Compensation Rates
1	10	$12,000	$120,000
2	15	18,000	270,000
3	10	25,000	250,000
			$640,000

Schedule A - Valuation of Change in Compensation Plan's Terms and Conditions

PART 1

Name of Administrator		
TOWN OF EAST STANTON		
Name, Title or description of Compensation Plan	**Compensation Plan rate increase covers period: From / To**	**Number of Employees covered by Compensation Plan**
CLERICAL AND ADMINISTRATIVE SERVICES PAY PLAN	1.1.83 / 31.12.83	35

PART 2 - SUMMARY OF PROPOSED CHANGES IN TERMS AND CONDITIONS

Description of Existing Provision	Description of Change to Existing Provision and/or New Provision	Provision No.
Column A	Column B	Column C
WE (THE EMPLOYER) CONTRIBUTE 80% OF THE COST OF A SUPPLEMENTARY HEALTH AND HOSPITAL PLAN.	WE (THE EMPLOYER) CONTRIBUTE 100 % OF THE COST OF A SUPPLEMENTARY HEALTH AND HOSPITAL PLAN EFFECTIVE FROM JAN. 1, 1983.	1.
OUR VACATION PLAN PROVIDES PAID VACATION OF TWO WEEKS TO EMPLOYEES WITH UP TO 10 YEARS' SERVICE, THREE WEEKS TO THOSE WITH 10 TO 20 YEARS' SERVICE, AND FOUR WEEKS TO THOSE WITH MORE THAN 20 YEARS' SERVICE.	VACATION PLAN TO PROVIDE AN ADDITIONAL WEEK OF PAID VACATION TO EACH EMPLOYEE. NO CHANGE IN QUALIFYING PERIODS.	2.

PART 3 SUMMARY OF COMPENSATION INCREASE COSTS

1. Number of employees covered by compensation rate increase as indicated in Part 1. 35

2. Twelve month period covered by compensation plan rate increase as indicated in Part 1

   From JAN. 1, 1983 To DEC. 31, 1983

3. Maximum allowable increase in compensation rates for the period referred to in Line 2 and as specified by the Inflation Restraint Act. (Ref Clause 10(a) and Clauses 12(1) (c) and (d)). .... 5.00 %

4. Total expenditure on compensation rates to employees identified in Line 1 on the day immediately preceding the commencement of the period identified in Line 2. (Note: Cost of Living Adjustments must be folded in). ..... $ 640,000

5. Maximum allowable increase in compensation rate expenditure assuming no other change in compensation plan for the period identified in Line 2. (Line 3 x Line 4) $ 32,000

6. Cost of changes to employee benefits and other compensation plan terms and conditions. (Record below for each provision listed in Column B of Part 2, the annual expenditure on the provision on the day immediately preceding the commencement of the period identified in Line 2, and the additional cost of the proposed change. Attach a statement showing cost data and calculations followed to arrive at expenditure amounts.) ..... $ 14,642

Provision No.	Provision	Expenditure on day immediately preceding commencement of period identified in Line 2	Additional cost of change to provision or new provision during period identified in Line 2
1.	SUPP. HEALTH AND HOSPITAL	$ 8,000	$ 2,000
2.	VACATION ALLOWANCE*	34,251	12,642
3.			
4.			
5.			
6.			
7.			
8.			

*SALARY RELATED

Total $ 14,642

Transfer to Line 6 above

7. Maximum allowable increase in compensation rate expenditure after allowing for the above changes to the compensation plan of employees identified in Line 1 for the period identified in Line 2. (Line 5 – Line 6). ..... $ 17,358

8. Maximum allowable percentage increase in compensation rates for the period identified in Line 2. (Line 7 ÷ Line 4 x 100). ..... 2.71 %

9. Actual percentage increase in compensation rates granted or proposed for the period identified in Line 2. Same as in Line 8 ☐ or 2.71 %

Administered Price Restraint Program

Another part of the Inflation Restraint Program restricts increases in prices and fees charged by Ontario government ministries and agencies and firms regulated by Ontario authorities. Responsibility for this aspect of the program rests with individual ministers under whose authority prices are set.

Examples of prices affected are those charged by GO Transit, Ontario Place, provincial parks, the Royal Ontario Museum, colleges and universities (tuition fees), and by many other provincial agencies and institutions.

Not included in the program are taxes and prices charged by municipalities, hospitals and school boards. Also excluded are prices charged by marketing boards, Ontario Housing Corporation, and those reviewed by the Residential Tenancy Commission.

The program runs from Sept. 21, 1982, to Dec. 31, 1983, inclusive. Any administered price increase exceeding five per cent and not approved before the program began must be reviewed by a committee of the provincial Cabinet. In its review, the committee considers whether the proposed price increase reflects restraint of wages and where applicable, profits. If reasonable, increases in costs beyond the control of the ministry, agency or firm—such as costs of goods and services, interest and depreciation—may be "passed through" to the consumer. The committee has discretion to permit increases beyond those normally allowed under the restraint program when adverse economic impact (for example, bankruptcy or layoffs) would otherwise result.

For provincial ministries, the guideline respecting prices or fees is that these may not increase by more than five per cent for the duration of the program.

The Inflation Restraint Act, passed by the Legislature in December, 1982, permits the Minister of Consumer and Commercial Relations to refer a particular price increase to the Inflation Restraint Board for further study if he is not convinced it is justified. As well, this Act enables the Cabinet to alter administered price increases found to be inconsistent with restraint.

Additional copies and IRB forms

After you have read this booklet, and if you don't need to keep it for reference, please don't discard it—pass it on to a colleague or co-worker.

Additional copies are free but the IRB can make them available in limited quantities only. IRB forms are also available.

To order, write to:

IRB Communications
P.O. Box GMS30
Queen's Park
Toronto M7A 1N3

Or, for your convenience, go to any Regional Assessment Office of the Ministry of Revenue. These are located in many centres throughout Ontario. Consult your telephone directory's blue pages under Assessment or Ministry of Revenue.

In Toronto, they are also available from the Ontario Government Bookstore, 880 Bay St., Main Floor.

Additional information

If you need further information, write to IRB Communications or phone the inquiry hot line (collect calls accepted).

Inquiry hot line
(416) 963-2268

IRB-01-01/83-20M